



Canadian Tourism
Commission

Commission canadienne
du tourisme

Global Tourism Watch Year 2

U.S. - Key Findings

Canadian Tourism Commission (CTC)

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Introduction

Background

The shocks of 2001 and 2003 were strong reminders for the tourism industry regarding the speed of which consumer perceptions and decision-making processes can change based on a single event.

While there has not been a major shock to the tourism industry since 2004, a myriad of technological, social, environmental, and policy changes have occurred, affecting consumer perceptions, attitudes, motivations and travel intentions. Such changes include:

- The escalation of social media websites and their popularity across many age groups;
- The desire for healthier and more sustainable lifestyles;
- Climate change and related advocacy efforts by high-profile personalities; and
- The global financial/economic crisis

To stay on top of and to adjust to the changes occurring in the marketplace, an annual research monitor was initiated to keep a pulse on consumer changes in CTC key markets.

Objectives

In 2008, the second year of the Global Tourism Watch (GTW) program was implemented in nine global markets – the U.S., Mexico, the UK, France, Germany, Australia, Japan, China and South Korea. The Year 2 research was co-funded by a partnership group including British Columbia, Alberta, Ontario, Saskatchewan, Yukon and the Northwest Territories.

The research objectives were to collect market intelligence (across all markets in a consistent way) related to four over-arching themes:

- Monitoring key performance indicators;
- Tracking response to Brand Canada;
- Identifying and tracking product opportunities; and
- Providing input into strategic market plans.

The primary focus of the 2008 reports is on identifying shifts in each market since 2007. The ultimate goal of the GTW is to continue to track the key indicators on an annual basis in order to develop trend lines, assess Canada's market performance and examine market shifts over time.

Methodology

The target population for the survey consisted of residents, aged 18 and older, who have taken a long-haul pleasure trip where they stayed at least one night in paid accommodations in the past three years or who plan to take such a trip in the next two years.

A total of 3,082 U.S respondents (including 1,057 recent travellers to Canada) completed the online survey. Fieldwork was conducted in June 2008 to align with the CTC's campaign timing. Quotas were also set for three regions – border states, mid-haul states and southern / long-haul states (as per the CTC's standard definition).

The online survey sample was weighted by region, age and gender to align it with the long-haul traveller population in each market based on data collected through a random telephone Omnibus (2007).

Given the quota of recent travellers to Canada, the survey sample was also weighted to reflect the actual distribution of travellers to Canada vs. travellers to other long-haul destinations, based on the Omnibus survey. Because the sub-set of recent travellers to Canada in the Omnibus was too small to generate accurate age by gender weighting data, international Travel Survey (ITS) counts from Statistics Canada were used to weight this group.

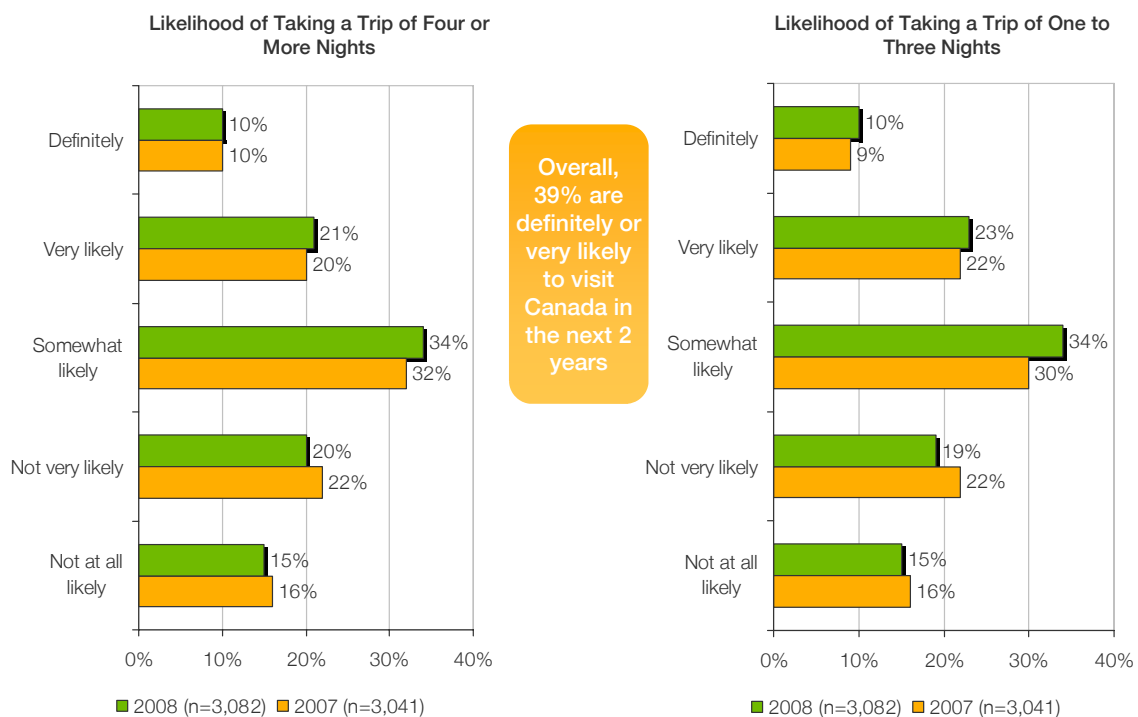
Outlook on Travel to Canada and the Regions in the Next 2 Years

Likelihood of Visiting Canada

The overall likelihood of visiting Canada in the next two years was assessed for both short getaways of one to three nights and longer vacations of four or more nights (see [Exhibit 1](#)).

Although the likelihood of visiting Canada is headed in the right direction, there has been no significant increase in this indicator since 2007, either for short getaways or longer vacations. Despite interest levels that rank with the worst of the GTW markets, at 39%, the likelihood of visiting is one of the highest, reflecting the positive influence of proximity and convenience on realization of travel from this market.

Exhibit 1 - Likelihood of Visiting Canada in the next 2 years



Base: International pleasure travellers.

Size of the Potential Market to Canada

Exhibit 2 provides an estimate of the size of the potential market for Canada in two ways – the target market and the immediate potential.

The target market is a broader estimate of the market size based on expressed interest among U.S. travellers, more specifically those very or somewhat interested in visiting Canada in the next two years. This yields a target market of around 67 million travellers with some level of interest in Canada.

The immediate potential is a more conservative estimate based on those who say they will definitely or are very likely visit Canada in the next two years. This translates into more than 36 million travellers with more immediate potential for conversion. Despite the current weakness in U.S. travel flows, the fact remains that it is by far the largest immediate market for Canada, accounting for more travellers than all of the other GTW markets combined.

No major shifts are apparent this year in terms of interest in Canada in any of the three U.S. markets. As was the case last year, both interest in Canada and the likelihood of making an actual trip diminish as one moves away from the border. However, the sheer size of the population in the South results in the largest market by far. In fact, at 18.2 million travellers with immediate potential, the Southern market is larger than the Border and Mid-Haul markets put together. On the other hand, the Southern market will be more challenging to convert due to lower awareness, greater distance, and more limited potential to sell short getaways.

Exhibit 2 – Size of the potential market to Canada (next 2 years)

	Size of Potential Market to Canada		
	Border (n=1,029)	Mid-Haul (n=1,032)	South (n=1,021)
Total potential international pleasure travellers (aged 18 plus)	15,411,000	25,871,000	52,080,000
Target Market for Canada			
Very/somewhat interested in visiting Canada in the next 2 years	75%	73%	70%
Size of the target market	11,558,000	18,886,000	36,456,000
TOTAL	66,900,000		
Immediate Potential for Canada			
Will definitely/very likely visit Canada in the next 2 years ¹	52%	39%	35%
Immediate potential	8,014,000	10,090,000	18,228,000
TOTAL	36,332,000		

Base: International pleasure travellers (n=3,082).

Notes: Orange circles indicate a result that is significantly higher than another region. ¹ Includes respondents likely to visit Canada on a trip of one to three nights or a trip of four nights or more.

Canadian Destinations¹ Likely to Visit

Exhibit 3 indicates that Ontario is the leading destination of interest among likely travellers to Canada (mentioned by almost 8 in 10 travellers), followed by British Columbia (cited by around 7 in 10) and Québec (mentioned by 6 in 10). Substantial segments of the market are also interested in Alberta and the Atlantic region (about 4 in 10 in both cases). As in most markets, interest is lowest for the Northern and Prairie regions (25% or less).

Niagara Falls remains the individual destination that draws the most attention from U.S. travellers, with 6 in 10 saying they want to visit this popular landmark while in Canada. Among Canada's leading cities, Vancouver is the destination of choice, selected by close to 6 in 10 travellers, while Toronto garners slightly less interest at 5 in 10 who want to visit this city. U.S. travellers also show a healthy interest in Victoria and Calgary (both appealing to a quarter of travellers or more), as well as Banff, Ottawa and Edmonton (each of interest to around 15% of the market).

No significant shifts are evident from last year, except for Whistler, which dropped from 13% to 11%. This weakness arises largely from the Border market, and may result from the aggressive marketing campaigns by U.S. resorts in 2008. In fact, Vancouver has also lost some appeal in the Border market (55% last year vs. only 50% this year).

Exhibit 3 shows the immediate potential for the regional partners of the GTW study based on current levels of interest. Given the large immediate potential for Canada in general, the potential market for all regions is substantial, but highest for Ontario and British Columbia.

Exhibit 3 - Destination Interest and Market Potential for the Regions

	ON	BC	AB	SK	North
Immediate potential for Canada	36,332,000				
Likely to visit province ¹	79%	67%	40%	14%	25%
Immediate potential for the provinces	28,702,000	24,342,000	14,533,000	5,086,000	9,083,000
Most popular destinations within province	Niagara Falls (60%)	Vancouver (57%)	Calgary (25%)	n/a	Yukon (19%)
	Toronto (50%)	Victoria (28%)	Banff (16%)		NWT (16%)
	Ottawa (15%)	Whistler (11%)	Edmonton (14%)		Nunavut (4%)

Base: International pleasure travellers (n=3,082).

¹ Base for percentages is those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there (n=2,306).

Note: Regional estimates are not additive since travellers may visit more than one region on a single trip.

¹ CTC partner regions only. (British Columbia, Alberta, Saskatchewan, Ontario and the North)

Awareness Levels of Canada

Unaided Performance Indicators

The Global Tourism Watch measured three unaided (or top-of-mind) indicators² – unaided awareness of Canada, unaided awareness of Canadian travel advertising, and unaided destination consideration.

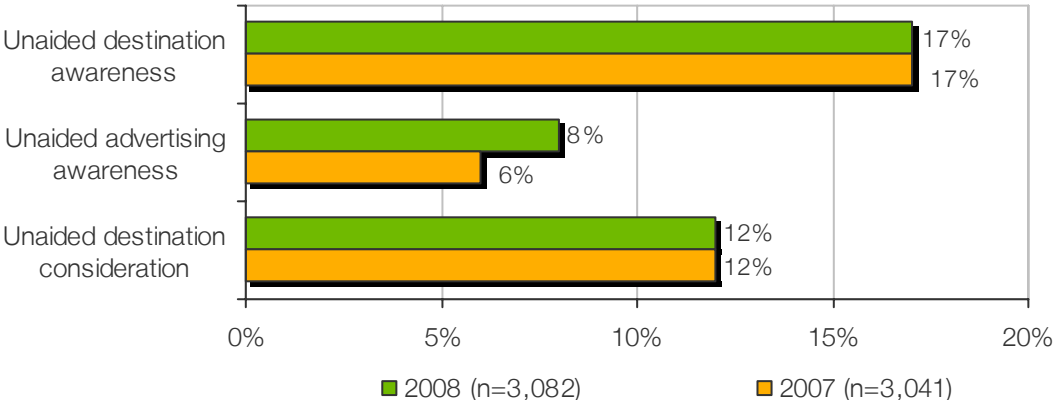
To measure brand awareness, respondents were asked to name destinations that come to mind for an international vacation. At 17%, awareness of Canada has held steady since 2007, with Canada maintaining its 6th place standing from last year. This is very low by GTW standards, and earns the U.S. the distinction of being the only market where Canada fails to make the top five in terms of awareness. Moreover, Canada lags well behind the market leaders who are in the range of 24% to 29%. It is likely that Canada's familiarity and similarity to the U.S. place it at a disadvantage to more intriguing or exotic locales when thinking about possible vacation destinations. The top five destinations remain the same as last year, although there has been a reshuffling in the ranks. While Australia topped the list in 2007, awareness has waned in 2008, dropping it into fourth place. On the other hand, Mexico has enjoyed a surge in popularity, rising six percentage points to slide into second spot behind Italy. European destinations continue to enjoy strong awareness in 2008, accounting for 6 out of the top 10 countries.

Canada saw a significant gain in unaided advertising awareness this year, rising to 8% from 6% last year (see [Exhibit 4](#)). The enhanced awareness may be partly attributable to moving the GTW fieldwork to after the peak advertising period this year. However, this shift was made for all GTW markets, yet the U.S. is one of the few markets where unaided advertising awareness increased significantly, indicating that a strong 2008 campaign likely also contributed to the strong results. A number of other destinations also saw healthy increases this year, including several sun and sand destinations (Mexico, Jamaica and the Bahamas), a couple of European destinations (Ireland and France), and China. It appears that, like Canada, many destinations intensified their marketing activities in advance of the U.S. summer vacation period. Still, Canada managed to move forward in the competitor ranks, from 4th to 3rd place.

Mexico again takes some strong strides forward, surpassing Italy as the number one destination being considered for international trips in the next two years. Other than this, the top five destinations under consideration are the same as last year. Canada remains in fourth place at 12% (see [Exhibit 4](#)), behind the UK at 14%, but ahead of Australia at 10%. Aside from Mexico, the only other destination to see a significant increase over last year is Ireland at 8%.

² Cumulative results including mentions of Canada and sub-destinations within Canada.

Exhibit 4 - Unaided Performance Indicators for Canada



*Base: International pleasure travellers (n=3,082).
Notes: Roll-up of brand mentions by country, e.g., percentage who said Canada or any destination in Canada.*

Recent and Potential Visitors from the U.S.

Target Market for Canada

Exhibit 5 provides demographic profiles of international U.S. travellers as a whole, recent travellers to Canada and travellers interested in visiting Canada in the next two years.

There has been a notable shift in the composition of the U.S. market in 2008 towards less educated and less affluent travellers. While those with household incomes of US\$75,000 or more (CDN\$75,000³) accounted for 44% of the market in 2007, they now represent only 40%. Similar trends are observed across the two Canada travel segments, with income levels down in both groups in 2008.

The lower incomes this year may reflect consumer confidence trends at the time of the 2008 survey. While consumer confidence among lower income Americans has been in a slump for several years, higher income groups took much longer to be affected. For example, while the ABC News Consumer Comfort Index fell into the negative range for those with household incomes of \$50k-\$75k in the Summer of 2007, this did not occur for the \$75k-\$100k group until the Fall of 2007 and for the \$100k+ group until the Spring of 2008, when it became clear that the U.S.' economic woes were here to stay. Possibly, we are now seeing the impact of sliding confidence among the more affluent segments as they finally start to cut back on discretionary travel and/or put travel plans on hold. This is supported by the results in Chapter 2, which showed a more severe drop in travel sentiments among the higher income groups this year.

Recent visitors to Canada remain a more distinct group than the market at large, being far older, better educated, more affluent and more likely to hold managerial positions at work. Both recent and potential visitors are more likely to have friends or relatives in Canada, indicating that even in the U.S., Visiting Friends and Relatives (VFR) is a key driver of both interest and actual travel.

³ Exchange rate (June 2, 2008): 1 USD = CDN\$1.0013.

Exhibit 5 – Target Market Demographics

	All International Travellers (n=3,082)	Recent Travellers to Canada (n=1,057)	Interested in Canada (n=1,150)
Gender			
Female	48%	51%	52%
Age			
18 to 24	12%	7%	10%
25 to 34	22%	9%	19%
35 to 44	20%	17%	22%
45 to 54	19%	20%	19%
55 or older	27%	48%	30%
Close Friends or Relatives Living in Canada			
Yes	21%	33%	29%
Have Children in Household Under 18			
Yes	38%	32%	39%
Marital Status			
Married / partnered	66%	69%	69%
Single / never married	21%	14%	18%
Other (e.g. separated, divorced, widowed)	14%	17%	13%
Education			
High school or less	42%	38%	40%
Technical / vocational	11%	10%	12%
Completed college / university	47%	51%	47%
Employment Status			
Employed full-time/part-time	67%	60%	66%
Housewife / homemaker	8%	8%	8%
Retired	15%	25%	17%
Unemployed	3%	2%	3%
Student	6%	4%	5%
Occupation			
Managerial/ Administrative/ Business owner	22%	26%	22%
Professional	26%	26%	27%
Clerical	5%	5%	5%
Sales / Services	13%	11%	14%
Technical / Skilled	13%	11%	10%
Blue collar / Labourer	6%	5%	6%
Other	15%	15%	16%
Average Annual Household Income (\$USD)			
Less than \$35,000	17%	15%	18%
\$35,000 to less than \$50,000	16%	15%	17%
\$50,000 to less than \$75,000	26%	26%	26%
\$75,000 to less than \$100,000	19%	19%	18%
\$100,000 or more	21%	26%	21%

Note: Blue squares indicate a result that is significantly lower than the total (all long-haul travellers); orange circles indicate a result that is significantly higher than the total.

Target Market for Canadian Regions⁴

Exhibit 6 shows the demographic profile of travellers who are likely to visit Canada (or are considering a trip there) in the near-term, as well as those who plan to visit each of the regions (only GTW regional partners are included). The profiles for British Columbia, Ontario and Alberta are based on those who say they are most likely to visit the region, while the profiles for Saskatchewan and the North are based on those who express an interest in visiting these regions, given the relatively low proportion of travellers who say they are most likely to do so.

⁴ CTC partner regions only. (British Columbia, Alberta, Saskatchewan, Ontario and the North)

Exhibit 6 - Target market for Canada's regions

Gender	TOTAL (n=2,306) ¹	ON ³ (n=1,001)	BC ³ (n=579)	AB ³ (n=123)	SK ² (n=294)	North ² (n=518)
Female	47%	51%	43%	46%	50%	45%
Age						
18 to 24	12%	14%	10%	8%	8%	7%
25 to 34	21%	27%	20%	14%	17%	17%
35 to 44	20%	22%	21%	11%	19%	21%
45 to 54	19%	17%	20%	23%	21%	22%
55 or older	28%	21%	29%	44%	36%	33%
Close Friends or Relatives Living in Canada						
Yes	26%	26%	24%	31%	24%	22%
Have Children in Household Under 18						
Yes	38%	47%	31%	34%	33%	37%
Marital Status						
Married / partnered	65%	64%	66%	73%	61%	65%
Single / never married	21%	23%	20%	8%	18%	16%
Other	14%	12%	14%	19%	21%	18%
Education						
High school or less	40%	45%	32%	30%	39%	39%
Technical / vocational	11%	10%	12%	15%	15%	14%
Completed college / university	49%	44%	56%	55%	46%	47%
Employment Status						
Employed full-time/part-time	69%	70%	70%	61%	66%	67%
Housewife / homemaker	7%	9%	8%	5%	8%	8%
Retired	14%	10%	14%	29%	18%	19%
Unemployed	3%	3%	3%	2%	4%	3%
Student	5%	7%	4%	4%	3%	3%
Occupation						
Managerial/ Administrative/ Business owner	23%	20%	23%	33%	25%	23%
Professional	27%	26%	31%	24%	23%	28%
Clerical	5%	6%	4%	5%	6%	5%
Sales / Services	13%	13%	10%	19%	14%	12%
Technical / Skilled	13%	13%	15%	4%	13%	17%
Blue collar / Labourer	5%	8%	3%	3%	7%	5%
Other	13%	15%	13%	13%	11%	9%
Average Annual Household Income (\$USD)						
Less than \$35,000	17%	21%	15%	10%	20%	17%
\$35,000 to less than \$50,000	16%	16%	13%	17%	14%	19%
\$50,000 to less than \$75,000	27%	29%	23%	26%	35%	28%
\$75,000 to less than \$100,000	18%	16%	21%	24%	15%	19%
\$100,000 or more	22%	18%	28%	22%	17%	17%

Notes:

¹ Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.

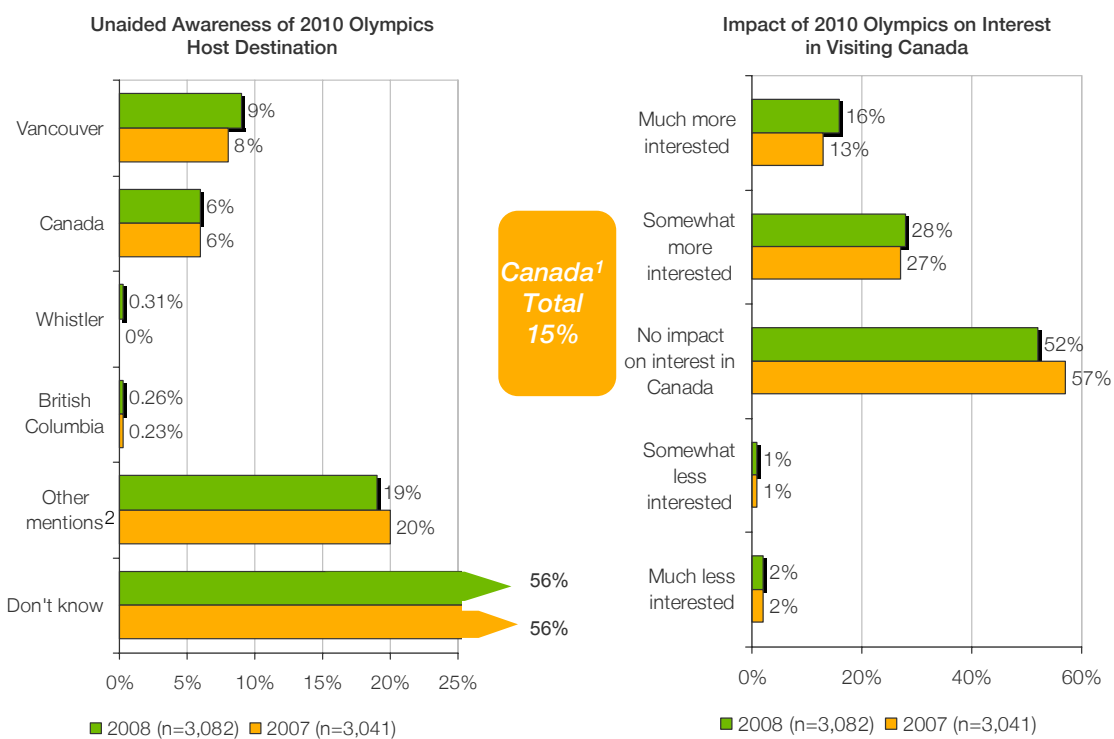
² Those likely to visit the region. ³ Those most likely to visit the region.

The Impact of the 2010 Winter Games on Travel to Canada

Exhibit 7 show that, in total, 15% correctly identify Canada as the host of the 2010 Olympic Games, which is no higher than last year. On a more positive note, 44% now say their desire to visit has been enhanced as a result of Canada hosting the Games, which is up substantially from 40% in 2007. The U.S. is one of only two markets where this indicator increased in 2008, ranking it among the top GTW markets in terms of opportunities to engage travellers for Olympics-related travel.

As in 2007, both awareness and impact are higher in the western border states (i.e., Montana, Idaho and Washington), with 35% who correctly identify the host destination and 48% who say the Games have enhanced their desire to visit Canada. Obviously, this would be a good region for Canada to target for Olympics-related travel.

Exhibit 7 – Impact of 2010 Winter Games on General Interest in Canada



Base: International pleasure travellers.

Note: ¹ Includes all mentions of Canada, Vancouver, Whistler and British Columbia.

² Includes all mentions of destinations of than Canada

Canada's Product Strengths and Weaknesses

Exhibit 8 presents a product Strengths and Weaknesses Map for Canada in The U.S. which looks at impressions of Canada's product offerings vs. the importance of these products to U.S. travellers on their international trips. The purpose is to identify products of importance to the U.S. market where Canada is either favourably or unfavourably perceived.

Product Strengths

General product strengths for Canada are products that are both important in the minds of travellers in planning their international trips and for which Canada is favourably viewed. Nature continues to emerge as Canada's primary strength, including beautiful landscapes, national parks/heritage sites, wildlife and rivers/waterfalls/glaciers/coastal scenery. With the addition of "glaciers," water-related scenery has strengthened in 2008 to become Canada's leading nature product in the U.S..

Cities close to nature is another strength, but even with the bolstering effects of nature, Canada's city product only barely edges in as a strength, signifying room for improvement. As was true last year, self-touring is the only really strong opportunity for Canada that is not related to nature.

Niche product strengths appeal to smaller groups of travellers and represent potential niche markets to be developed or targeted. As in most markets, Canada's niche strengths in the U.S. continue to lie in its outdoor activities.

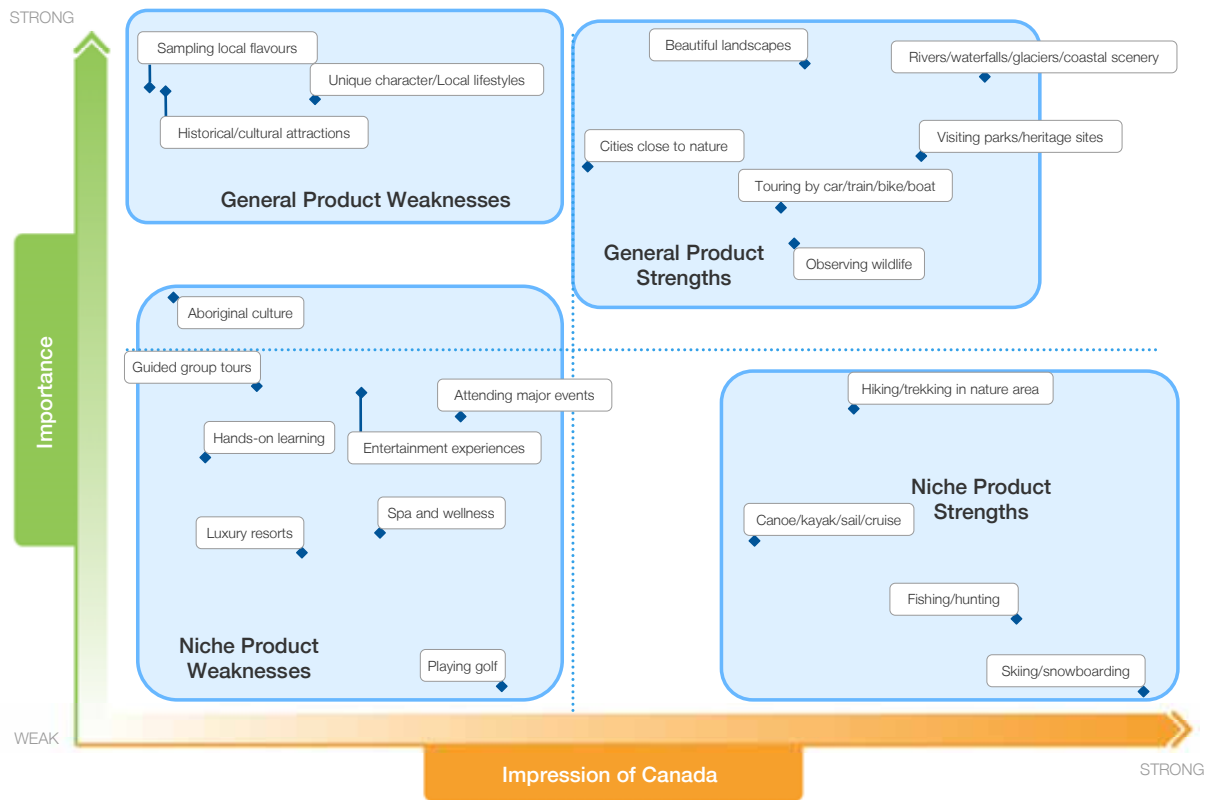
Product Weaknesses

General product weaknesses are products that are important to travellers, but for which Canada is not favourably rated, pointing to possible issues (perceptual or actual) to be mitigated. Like last year, all of the general product weaknesses in the U.S. market relate to culture, including historical/cultural attractions and the two new items for 2008 – local lifestyles and sampling local flavours.

Niche marketing weaknesses are unfavourably rated activities that appeal to smaller groups of travellers. As in most markets, Canada is not seen as having much to offer to luxury travellers, being weak on spas, entertainment, luxury resorts and golf. In fact, the positioning of luxury resorts has weakened since last year. Canada is also not perceived as a prime destination for hands-on learning or guided tours, while aboriginal culture continues to be one of the lowest-rated products for Canada.

Among the niche weaknesses, major events likely offer the best possibility for development given reasonable marketplace interest, a somewhat higher rating for Canada than the other niche activities, and the unparalleled opportunity for Canada to leverage the upcoming Olympics.

Exhibit 8 – Product Strengths and Weaknesses Map



Base: International pleasure travellers (n=3,082).

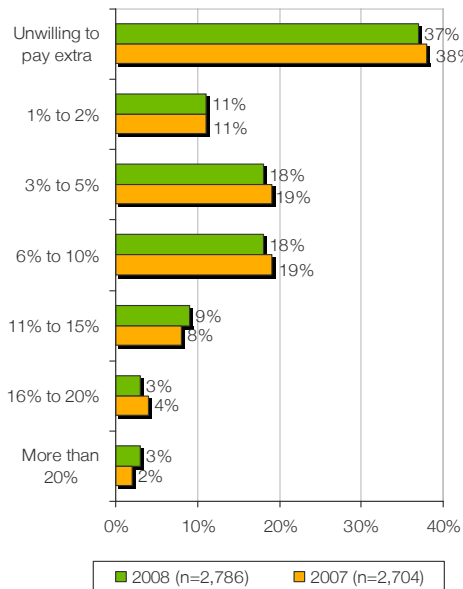
U.S. Views on Environmentally-friendly Travel Products

Prompted by growing public awareness of the environmental impact of travel and an increasing focus on responsible tourism in many countries, the GTW survey examined the attitudes of travellers towards eco-friendly tourism and travel products.

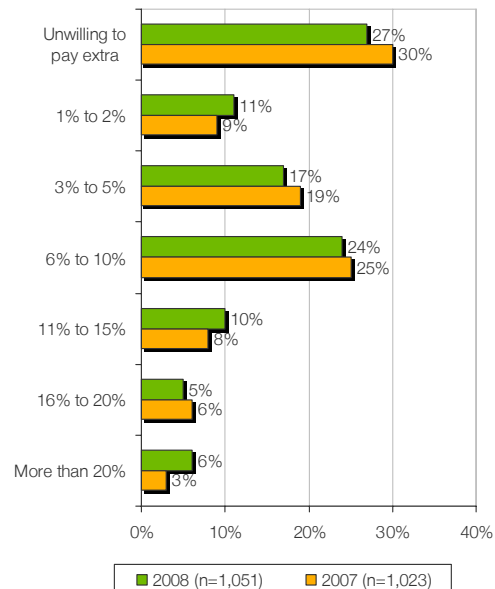
There is an increasing tendency for U.S. travellers to put environmentally-friendly principles into practice when they travel. The proportion of travellers who take environmental considerations into account when selecting a vacation destination and who actively make environmentally conscious choices when travelling has increased significantly since the 2007 study. In addition, more travellers now feel that Canada is an environmentally-friendly destination. These results are notable in that the U.S. is one of only two GTW markets to show positive movement on any of these indicators since 2007.

However, relative to travellers in other GTW markets, Americans are still not overly concerned about “green” travel. They also continue to be among the most unwilling to pay a premium for eco-friendly travel products, with almost 40% who refuse to do so. Like last year, those who are willing to pay generally say they will pay in the range of 3% to 10% more for such products. Among those travellers interested in Canada, 27% of those are unwilling to pay premium in 2008, which is lower than overall international pleasure travellers.

Exhibit 9 – Willingness to Pay a Premium for Environmentally-Friendly Travel Products



Base: International pleasure travellers.



Base: Travellers interested in Canada.

How Canada is Perceived by U.S. Travellers

Unaided Brand Personality Perceptions

Brand personality often serves as a good metaphor for understanding travellers' perceptions of a destination. As such, respondents were asked to indicate three personality traits or characteristics that come to mind when they think of Canada as a person. The responses were coded into several personality dimensions, each comprised of a group of related personality traits. These included the eight dimensions encompassed by Brand Canada, as defined by the CTC:

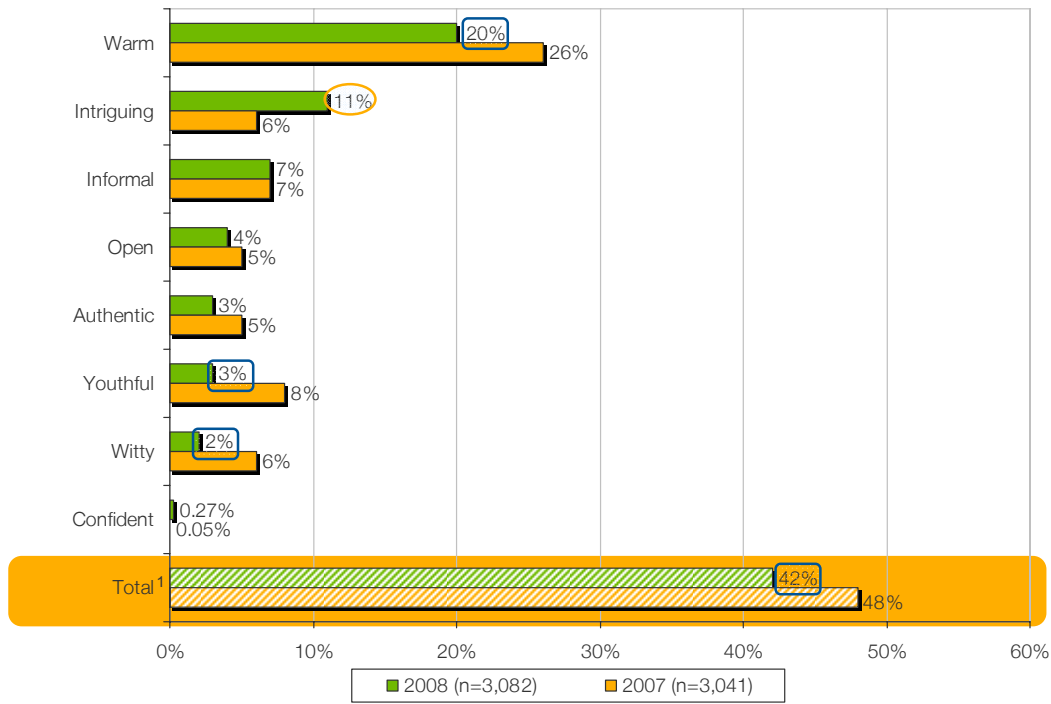
- **Authentic** (e.g., genuine, sincere, honest, down-to-earth, trustworthy);
- **Confident** (e.g., self-assured, sure, secure, poised, positive);
- **Informal** (e.g., casual, relaxed, easy-going, laid-back, approachable);
- **Intriguing** (e.g., fascinating, interesting, exciting, appealing, engaging);
- **Open** (e.g., accepting, liberal, open-minded, flexible, accessible);
- **Warm** (e.g., friendly, hospitable, welcoming, warm-hearted, kind);
- **Witty** (e.g., humorous, quick, entertaining, clever, bright, intelligent); and
- **Youthful** (e.g., energetic, lively, young at heart, vigorous, fun, vibrant, peppy).

Exhibit 10 shows a number of changes in the extent to which the personality dimensions are associated with Canada in 2008. First, Warm has declined substantially from 26% to 20%. The fact that this has dropped in every GTW market except Mexico suggests that it may be a result of a global refocus by the CTC and its partners on some of the newer and more vibrant personality traits that encompass Brand Canada (at the expense of the more traditional friendly and welcoming image).

To this end, a five percentage point increase in Intriguing is a welcome shift, as an element of intrigue or fascination is necessary to spark travel. More importantly, intrigue is a key driver of travel to Canada from the U.S.. Counter-balancing this, however, are drops in two other newer brand traits – Youthful and Witty – indicating that the fun and entertaining aspects of Canada may have waned since 2007.

With major declines in three of the Brand Canada personality traits, it is not surprising that the proportion of travellers who mention at least one trait on an unaided basis has fallen from almost 50% last year to 42% this year. This further entrenches the U.S. as one of the markets that is most poorly aligned with the Brand Canada personality traits (only Germany is lower). The GTW indicates that it may take longer or more effort to retool Canada's image in the U.S.

Exhibit 10 – Unaided Brand Personality Perceptions



Base: International pleasure travellers

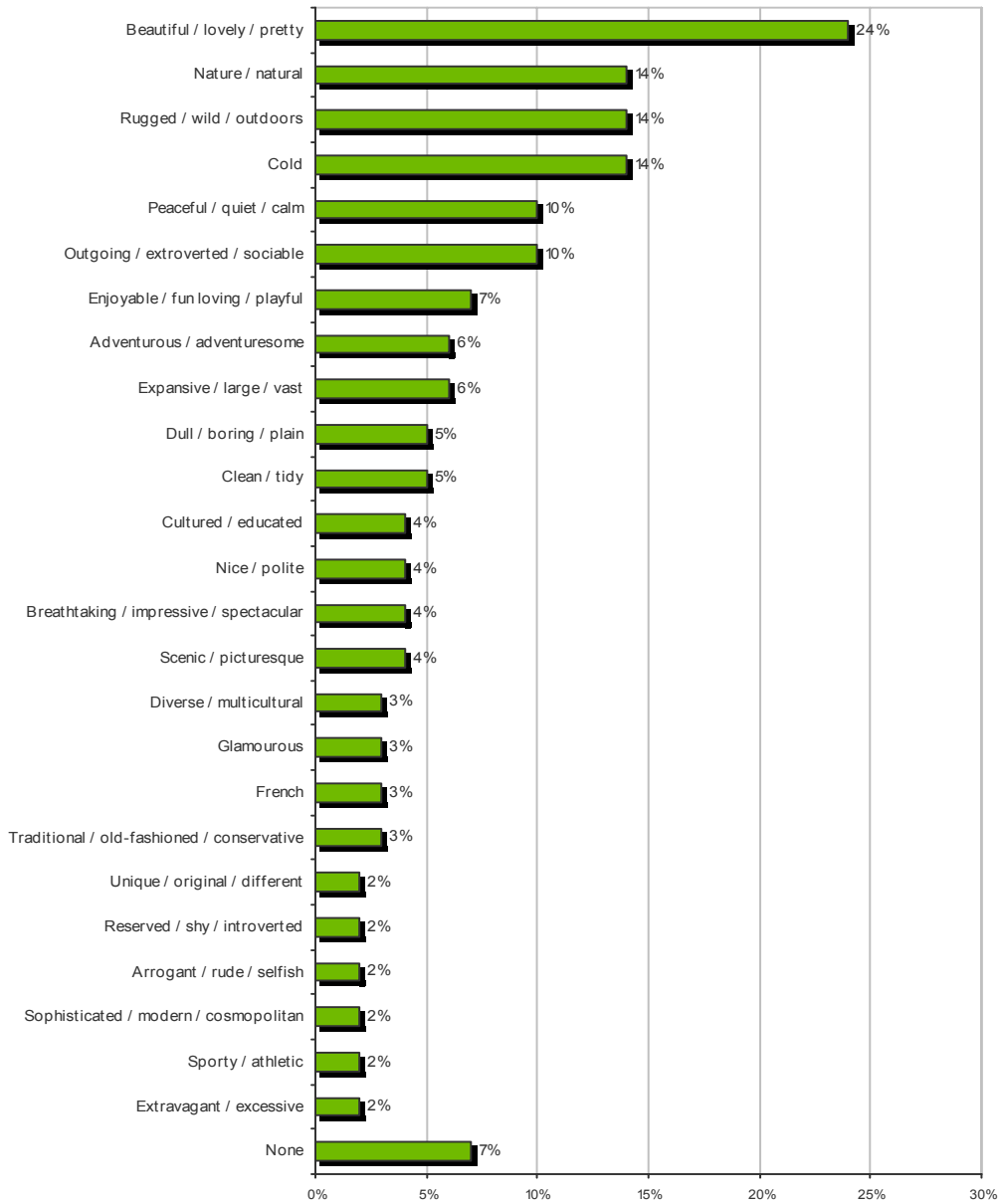
Note: ¹ Percent who mentioned any of the 8 Brand Canada personality traits (or synonyms thereof).

Blue squares indicate a result that is significantly lower than 2007; orange circles indicate a result that is significantly higher than 2007.

Exhibit 11 shows other personality traits that are associated with Canada in the American market. In 2008, Canada continues to be primarily viewed as a beautiful country with wondrous nature, and an ideal setting for relaxing or getting away from it all. It is also seen as an outdoor lover's paradise offering wilderness adventure to those bold enough to explore it. However, more so than other markets, Americans tend to think of Canada as "cold," likely due to its location north of the U.S. As will be seen later, cold has a negative impact on travel intentions in this market, so it is in the Canada's best interest to steer perceptions away from this commonly-held view.

Although the new brand has started to filter through, Americans generally cling to more traditional views of Canada. In fact, this traditional view sometimes has negative connotations, as evidenced by the relatively high mentions of "dull/boring/plain" (5%), "old-fashioned/conservative" (3%) and "reserved/shy/introverted" (2%).

Exhibit 11 – Unaided Brand Personality Perceptions – Other Mentions



Base: International pleasure travellers (n=3,082).

Value Perceptions

Destination success cannot be measured only by the degree to which the brand has established itself in the marketplace. Even if brand awareness is high, it is important for a destination or brand to be perceived as offering value to travellers. For a destination to have value, it should:

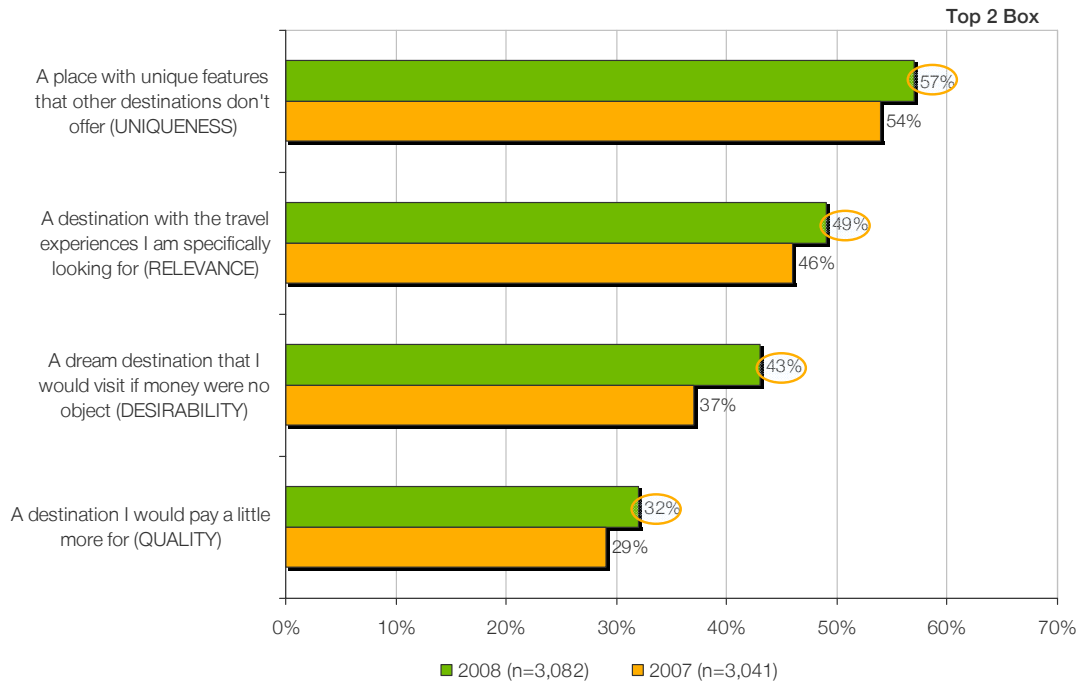
- Have an inherent desirability or appeal;
- Offer high quality experiences and travel products;
- Be relevant to travellers, with the experiences they are specifically looking for; and
- Offer a unique product relative to other destinations.

To assess value perceptions of Canada in the U.S., respondents were asked to rate Canada on four value-related statements that embody each of the above criteria.

The 2007 study revealed that the U.S. had the lowest score on value perceptions among GTW markets, by far. While, this has not changed in 2008, [Exhibit 12](#) shows that Canada has made tremendous progress in enhancing value perceptions in the U.S. since last year. Scores on all four dimensions of value have increased substantially. This performance is remarkable as the U.S. is the only GTW market to see a significant improvement, bucking the downward trend observed in most other markets. This is a much-needed step forward at a time when American consumers are paying increased attention to the quality of their vacation experiences and to price vs. value trade-offs in their destination choices.

Despite these improvements, the value scores in the U.S. are still low, both in an absolute sense, and in comparison to other GTW markets (Quality and Desirability in particular). Accordingly, the CTC and its partners may wish to continue building on current initiatives to further enhance the perceived value of the Canadian travel experience in the minds of U.S. travellers.

Exhibit 12 – Value Perceptions



Base: International pleasure travellers.

Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale. Orange circles indicate a result that is significantly higher than 2007.

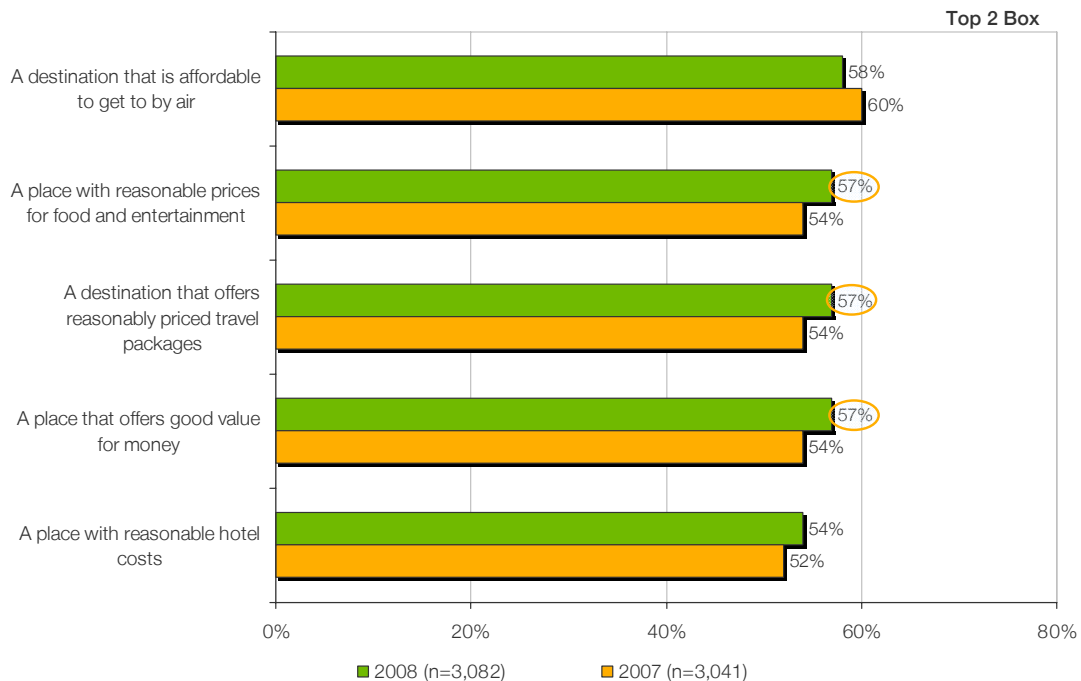
Price Perceptions

In addition to brand image and destination value, cost obviously plays a major role when it comes to destination decision-making. **Exhibit 13** shows how Canada is perceived by U.S. travellers on various travel cost components.

Like value and brand image, price perceptions have also improved in the U.S.. Canada is now seen as having more reasonable prices for packages and food/entertainment, and as offering better value for the vacation dollar. Perceptions of hotel costs have also improved slightly, but not significantly. In June when the 2008 study was conducted, the U.S. dollar had started to climb back up against the loonie, but had not yet turned around against other foreign currencies (e.g., the Euro, the Australian dollar), which may have contributed to the strong results.

Relative to overseas travel, U.S. travellers may feel that a trip to Canada is a bargain, which is a strong competitive advantage for Canada and one that could be heavily touted. As the U.S. economy heads toward recession and consumers cut back even further on their spending, travellers may look to Canada as a worthy and appealing substitute for more expensive overseas trips.

Exhibit 13 – Price Perceptions



Base: International pleasure travellers.

Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale. Orange circles indicate a result that is significantly higher than 2007.

Motivation for Visiting Canada and the Regions

Key Motivations for Visiting Canada

In 2008, nature/scenery remains the primary instigator of travel to Canada from the U.S.. Among those likely to visit Canada (or are considering a trip there), beautiful landscapes/nature, unique attractions/landmarks (e.g., Niagara Falls, Rocky Mountains) and national parks top the list of motivations for travelling to Canada (see [Exhibit 14](#)).

For many, Canada's backdrop of grand nature affords the opportunity to relax and rejuvenate in a peaceful, safe and worry-free environment, with these motivations continuing to be stronger in the U.S. than in most other GTW markets. For others, exploring or learning something new fuels their desire to visit Canada, with this being the only other motivator to be identified by three-quarters of travellers or more.

Tying into the enhanced perceptions of Canadian culture and people seen earlier, a growing number of U.S. travellers want to experience unique Canadian culture, sample some local cuisine, get to know Canadians and attend Canadian festivals on their trips to Canada. Again, this is a step in the right direction and a rewarding outcome of efforts by the CTC and its partners to enrich the cultural side of Canada's image.

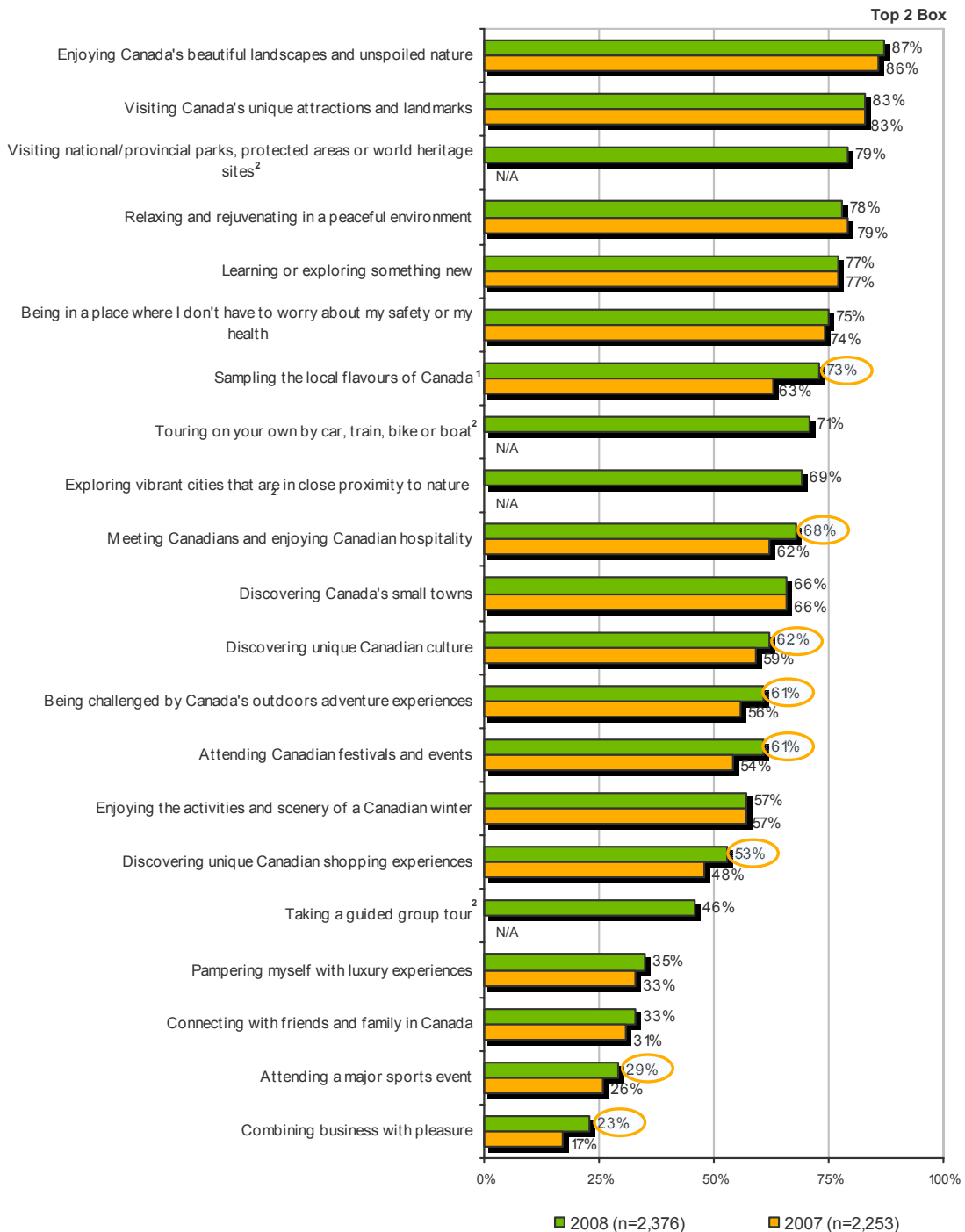
Another positive shift is the growth of urban experiences as motivators of travel to Canada, with combined business-pleasure travel, shopping and major sports events all up notably in 2008. However, city experiences could still stand to be improved in view of their positioning in the lower reaches of the chart. This could also help to boost vibrant cities close to nature up from its rather lukewarm rating of 69% and make it a more compelling selling point for Canada.

Key Difference in Motivations by U.S. Market

Like last year, Border area travellers are less likely to be drawn to Canada by major attractions and landmarks like Niagara Falls (see [Exhibit 15](#)), possibly because the majority have been to Canada before and have already explored them. Border travellers also tend to be less interested in the social and cultural aspects of Canada (e.g., meeting Canadians, experiencing Canadian culture), possibly because being next door, they perceive little difference between Canadians and Americans. In addition, these experienced Canada travellers are far more interested in exploring the country on their own than through a group tour, embracing the key concept behind Canada's *Keep Exploring* brand. These results suggest that marketing initiatives targeted at the Border region need to promote second-tier destinations, more specialized experiences and self-touring opportunities to draw travellers back.

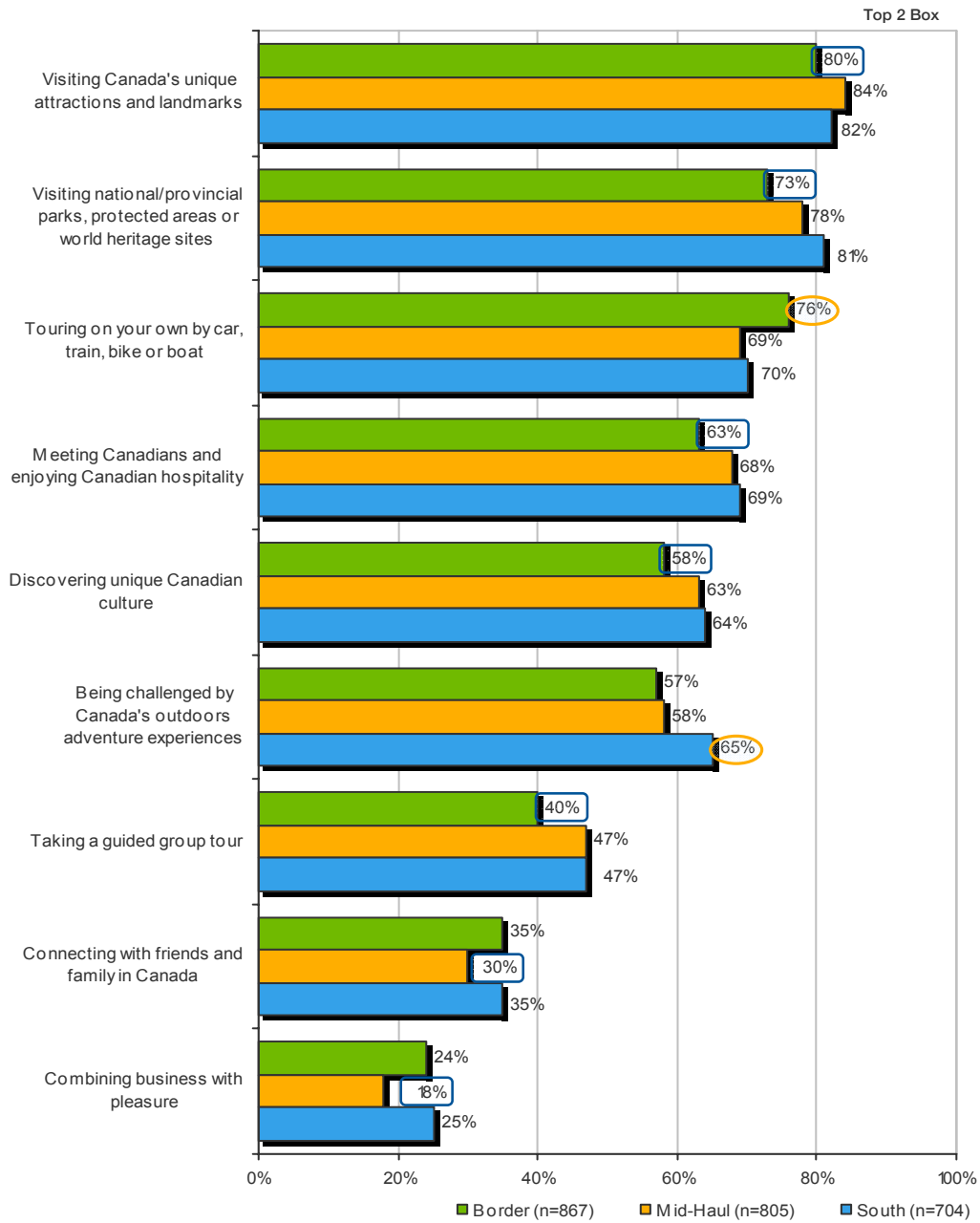
In contrast with the other two markets, travellers in the Southern U.S. primarily lean towards Canada's more traditional offerings, e.g., national parks and outdoor adventure experiences.

Exhibit 14 – Key Motivations for Visiting Canada



Base: Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.
 Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point scale. Orange circles indicate a result that is significantly higher than 2007. ¹ Item changed slightly in 2008. ² Not asked in 2007.

Exhibit 15 – Key Difference in Motivations by U.S. Market



Base: Those likely to visit Canada in the next 2 years and/or those who are considering, have decided to visit or have booked a trip there.

Notes: Top 2 Box refers to a rating of 4 or 5 on a 5-point importance scale. Blue squares indicate a result that is significantly lower than another group; orange circles indicate a result that is significantly higher than another group. Only significant differences are shown.

Regional Motivations⁵

Exhibit 16 shows how travellers that are likely to visit each of the regions are differentiated from each other in their motivations for visiting Canada (only GTW partners are included). Note that motivational scores have been re-calibrated to remove “group and attribute” effects to better emphasize the differences between the regions. In essence, this involves a two-way normalization of scores across both regions and attributes to pull out the differentiating motivations for travellers likely to visit each of the regions.

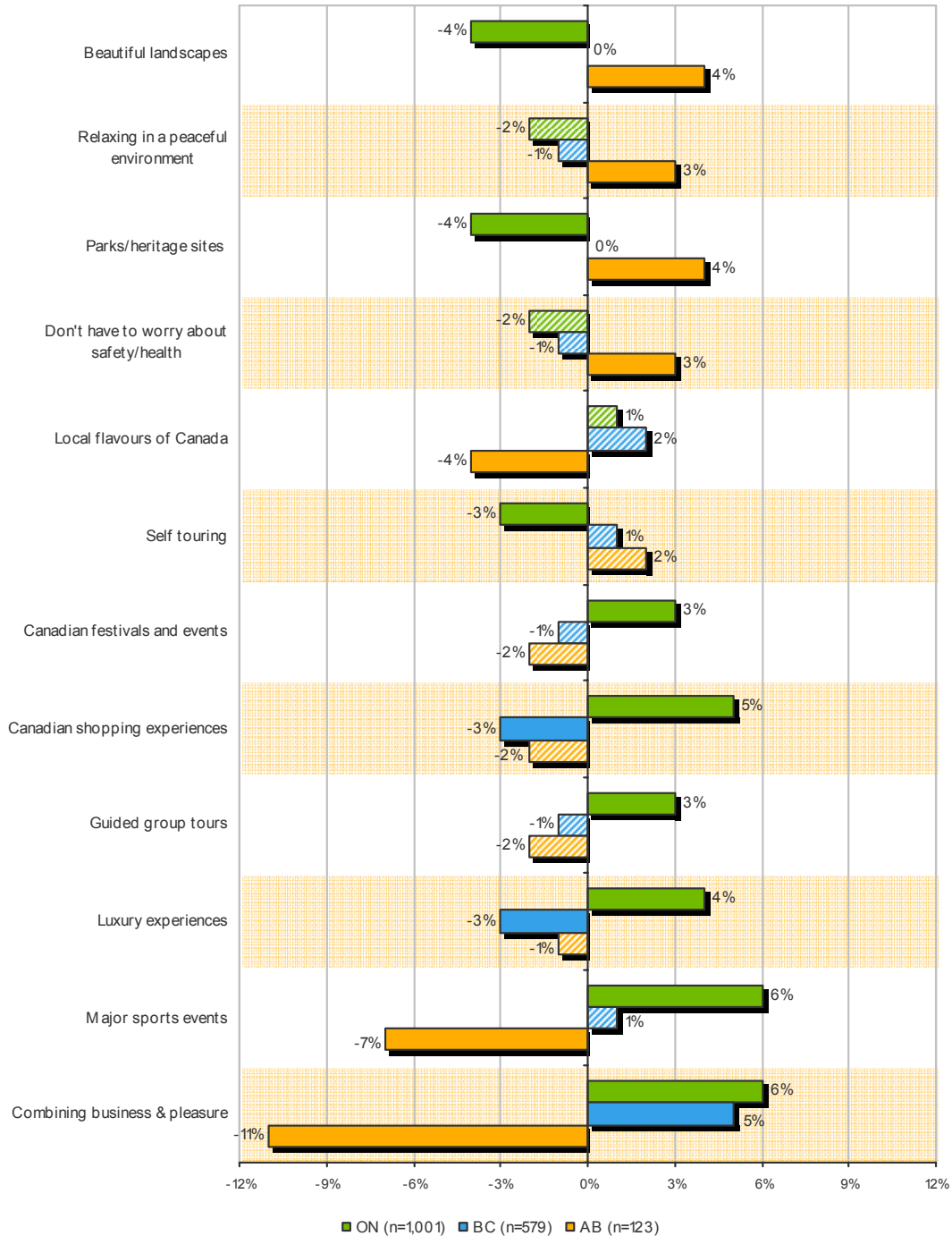
In the exhibit, high positive values indicate motivations that are of greater *relative* importance for a region, while high negative values represent motivations that are of lesser *relative* importance.

The exhibit shows that:

- Travellers that are most likely to visit **Ontario** tend to be motivated by urban activities, including luxury experiences, shopping, sports events, sightseeing via guided group tours and combined business-pleasure travel.
- Those tempted by **Alberta** are more likely to be seeking wondrous nature, national parks, and a relaxing environment where they don't have to worry about their safety or health.
- Although also drawn to beautiful landscapes and parks, potential travellers to **British Columbia** recognize Vancouver's urban presence, looking to combine business with pleasure, take in major sports events and sample local flavours.
- The North and Saskatchewan did not have a sufficiently large sample (of those most likely to visit) to be included in this analysis.

⁵ Motivations of GTW regional partners with sufficient sample size.

Exhibit 16 - Regional Motivations



Base: Travellers most likely to visit Ontario, British Columbia and Alberta. Sample sizes for other regions were too small to be included.

Note: High positive values represent motivations that are of greater relative importance for a region; High negative values represent motivations that are of lesser relative importance for a region. Hatched bars represent low values that are not differentiating motivations.

Barriers in Attracting Visitors from the U.S.

Barriers for Travel to Canada

Exhibit 17 shows why international travellers from the U.S. are unlikely to visit Canada in the near-term. These results are important because, more likely than not, travellers that *are* likely to visit may have similar concerns that could ultimately lead them to select alternate destinations.

Although many barriers have intensified to some degree in 2008, only three rose significantly. High gas prices saw the largest jump, by far, mentioned by 70% of travellers this year (vs. only 54% last year). This comes as no surprise, as the 2008 study was conducted at a time when gas prices had doubled over the previous year, and was making the news on a daily basis. At the time, Nielsen reported that almost two-thirds of U.S. consumers were reducing their spending to compensate for rising gas prices, while a Gallup Poll found that over 10% were limiting or cutting back on travel.

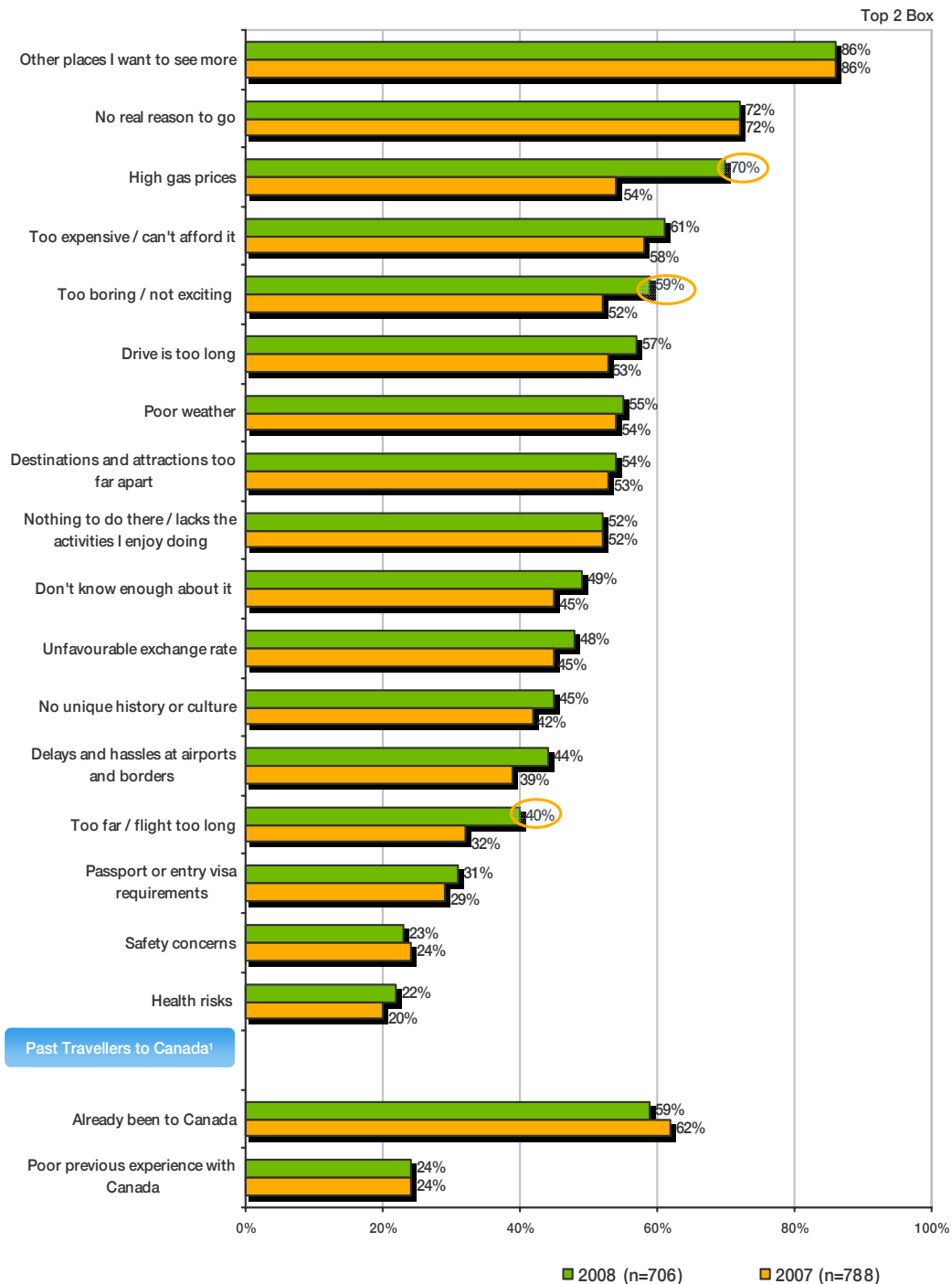
There has also been a substantial increase in the proportion of U.S. travellers citing the distance to Canada or long flight as a barrier (40%, up from 32% in 2007). The proportion of travellers who say the drive is too long also increased, but not significantly so. This may be indirectly related to gas prices, as the distance Americans are willing to travel on a trip may have shrunk due to the higher cost.

Not all of the increases are related to practical concerns like travel costs and distance. Canada's boring and unexciting image surfaces as a more prevalent barrier this year than last (rising from 52% to just under 60%). U.S. travellers are now more likely than any other GTW market to feel that Canada is a bit dull (which is consistent with the brand personality results). They are also among the most likely to feel that Canada has no real drawing cards as a vacation spot (72%) and to be drawn to competing destinations (86%). In fact, these two reasons top the list of deterrents for Americans. Even with all the concerns about the economy and personal finances, it is revealing that three of the top five barriers relate more to Canada's image and competitiveness. This points to a need for Canada to enhance its excitement value and accelerate adoption of its new brand to raise interest and boost its competitiveness.

Not being able to afford a trip to Canada is among the top five barriers, but does not appear to be growing concern. At about 60%, this is actually far lower than in some of the other GTW markets, where figures are in the range of 70% to 90%.

Although "unfavourable exchange rates" is listed as one of the key barriers for international travel, it appears to be less of a concern for travel to Canada (at 48%, no higher than last year and ranked number 11). Again, this may be because Canada is viewed as an affordable destination to begin with, especially when compared with steep overseas travel costs.

Exhibit 17 – Key Barriers for Visiting Canada



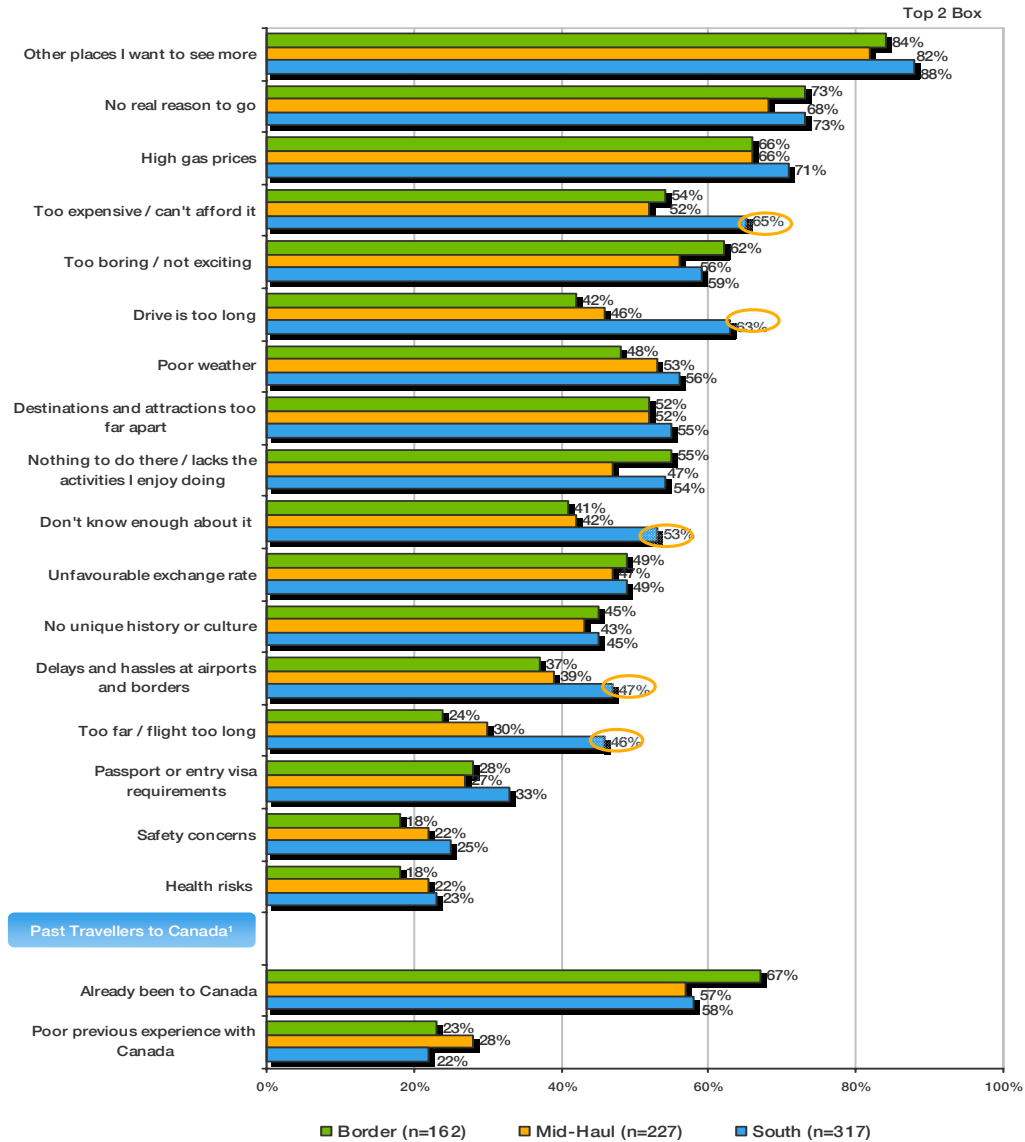
Base: International pleasure travellers who are unlikely to visit Canada in the near future.

Notes: Percentage is the sum of major barrier and minor barrier responses. Orange circles indicate a result that is significantly higher than 2007. ¹ Base is international pleasure travellers who have previously visited Canada and are unlikely to re-visit in the near future (n=357).

Key Barriers by Market

As shown in **Exhibit 18**, Canada faces more severe roadblocks in the South than in other parts of the U.S. Travellers in the South are understandably more likely to cite the expense, the distance (by car or plane), hassles at airports/borders and lack of knowledge as barriers to visiting Canada than travellers in the other two U.S. markets. In fact, distance and airport hassles have intensified as barriers for those in the South in 2008, as have gas prices and Canada’s boring image, making it increasingly challenging to entice these travellers to visit.

Exhibit 18 – Key Barriers for Visiting Canada – By Market



Base: International pleasure travellers who are unlikely to visit Canada in the near future.

Notes: Percentage is the sum of major barrier and minor barrier responses. Orange circles indicate a result that is significantly higher than 2007. ¹ Base is international pleasure travellers who have previously visited Canada and are unlikely to re-visit in the near future; Border (n=109), Mid-Haul (n=128), South (n=120).

Sources of Information for U.S. Travellers

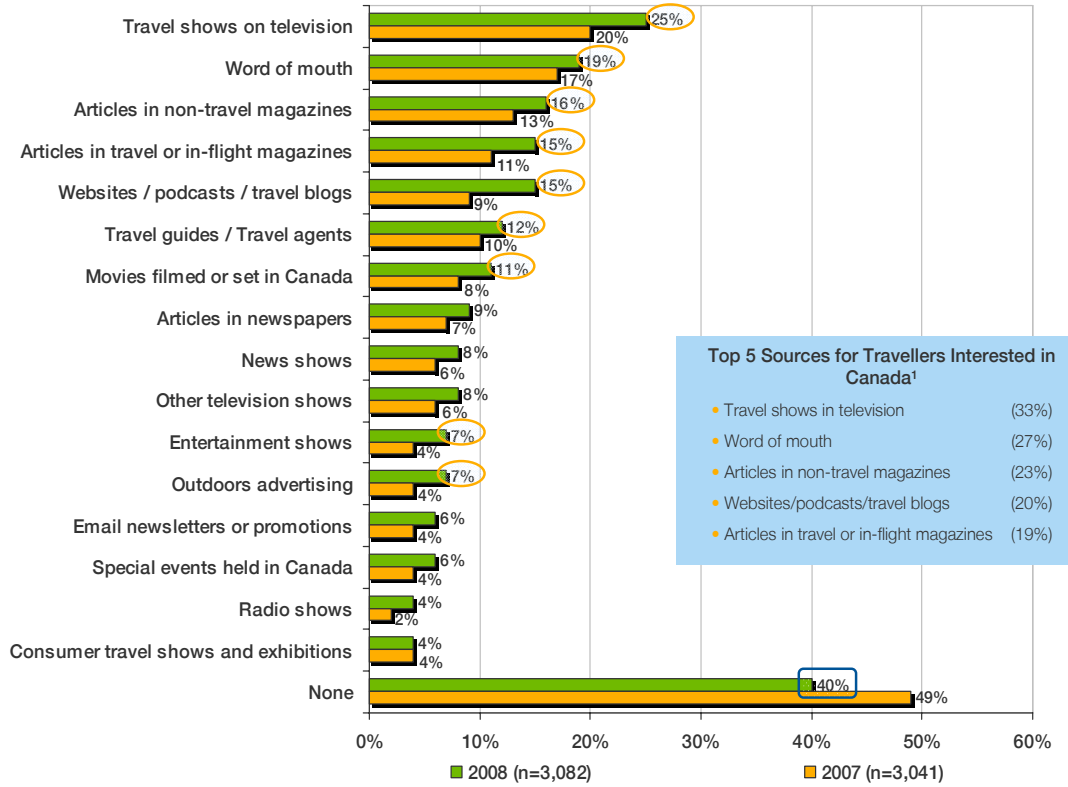
Sources of Information on Canada

Consistent with the elevated awareness of advertising for Canada this year, U.S. travellers also report seeing more information on travel to Canada in general (see [Exhibit 19](#)). This year, 60% of U.S. international travellers recall seeing or hearing information on Canada travel in the past 3 months (compared to only 51% last year), with increased recall for most of the information sources in the exhibit. This could be partly due to the fact that the GTW was fielded immediately after the peak marketing period this year, but again, the fact that the U.S. is the only GTW market to see such a vast improvement would indicate that effective marketing activities contributed to the upswing as well.

Still, the 40% of travellers who saw no information on Canada is fairly high by GTW standards, and emphasizes the dual challenge of reaching an immense market with limited marketing budgets and rising above the clutter in an extremely crowded U.S. marketing space.

Traditional information sources continue to perform best in terms of reaching U.S. travellers, with television travel shows and articles in both non-travel and travel magazines among the top sources seen. Notably, websites/podcasts/travel blogs have surged upward this year (from 9% to 15%), knocking travel guides/agents out of the top five sources.

Exhibit 19 – Sources of Information on Canada (past 3 months)



Base: International pleasure travellers.

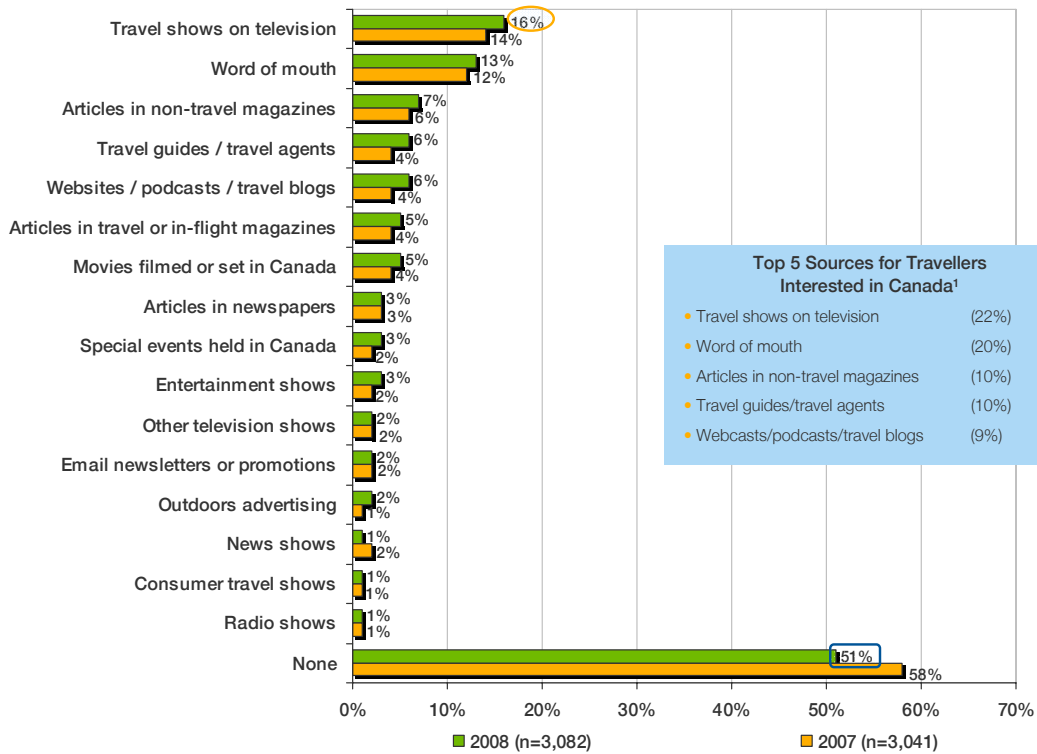
Notes: Blue squares indicate a result that is significantly lower than 2007; orange circles indicate a result that is significantly higher than 2007.

¹ Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.

Top Information Sources for Increasing Canada's Appeal

The sources that are best for increasing Canada's appeal are similar to last year, with television travel shows solidifying their position at the top of the list, followed by word of mouth, non-travel magazines, travel guides/agents and online media (see [Exhibit 20](#)).

Exhibit 20 – Top Information Sources for Increasing Canada's Appeal



Base: International pleasure travellers.

Notes: Blue squares indicate a result that is significantly lower than 2007; orange circles indicate a result that is significantly higher than 2007.

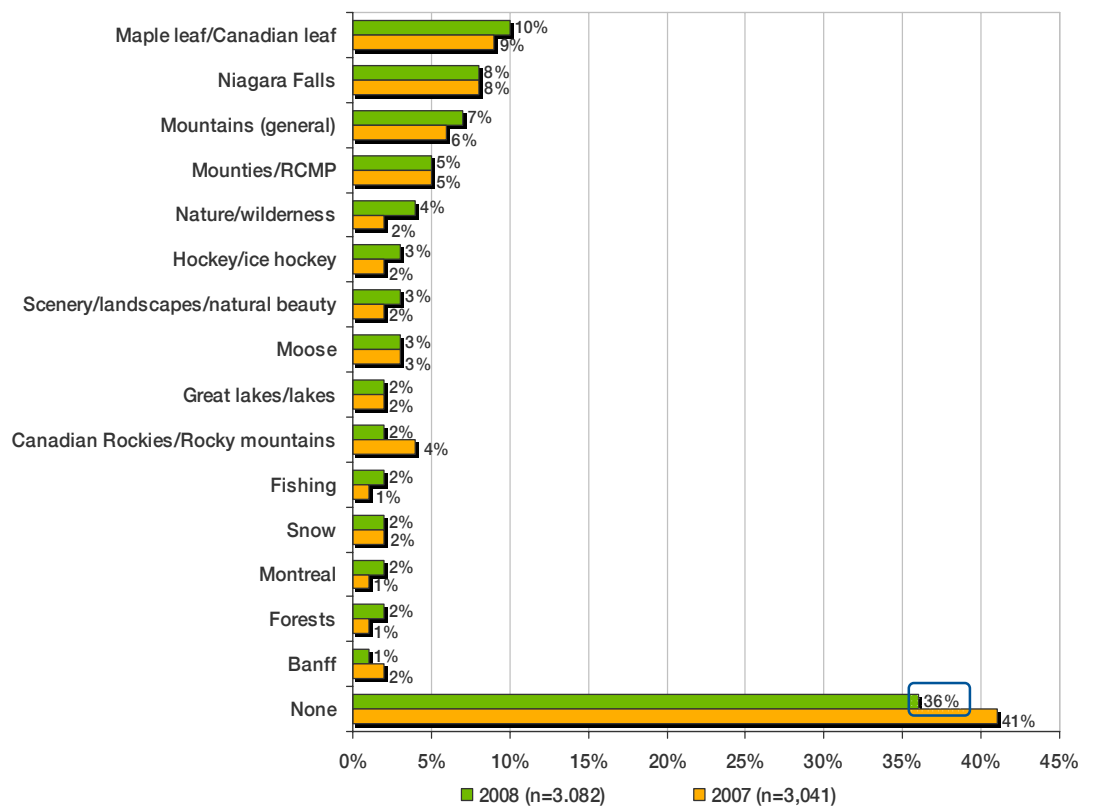
¹ Travellers Interested in Canada: those who are very interested in visiting Canada in the next 2 years.

Icons or Images that Inspire Interest in Canada

Consistent with previous results, **Exhibit 21** shows that more U.S. travellers are able to identify inspiring images or icons of Canada this year (64%) than last (59%). This is a positive sign in a market that was one of the two worst performers last year when it came to naming Canadian icons. Although still very weak, the improvement in 2008 shows that some progress has been made in conveying Canada’s image as a destination that stirs the senses.

Among those that do find some inspiration in Canada, things have not changed since last year. Traditional images continue to work best for rousing interest in the U.S., with the Maple Leaf and Niagara Falls emerging as the top two icons. Interestingly, the exhibit shows that the old adage of “Moose, Mountains and Mounties” is still deeply entrenched in the U.S., with all of these images emerging in the top ten, as well as more general mentions relating to nature and outdoor imagery.

Exhibit 21 – Icons or Images that Inspire Interest in Canada



Base: International pleasure travellers.
 Notes: Blue squares indicate a result that is significantly lower than 2007.

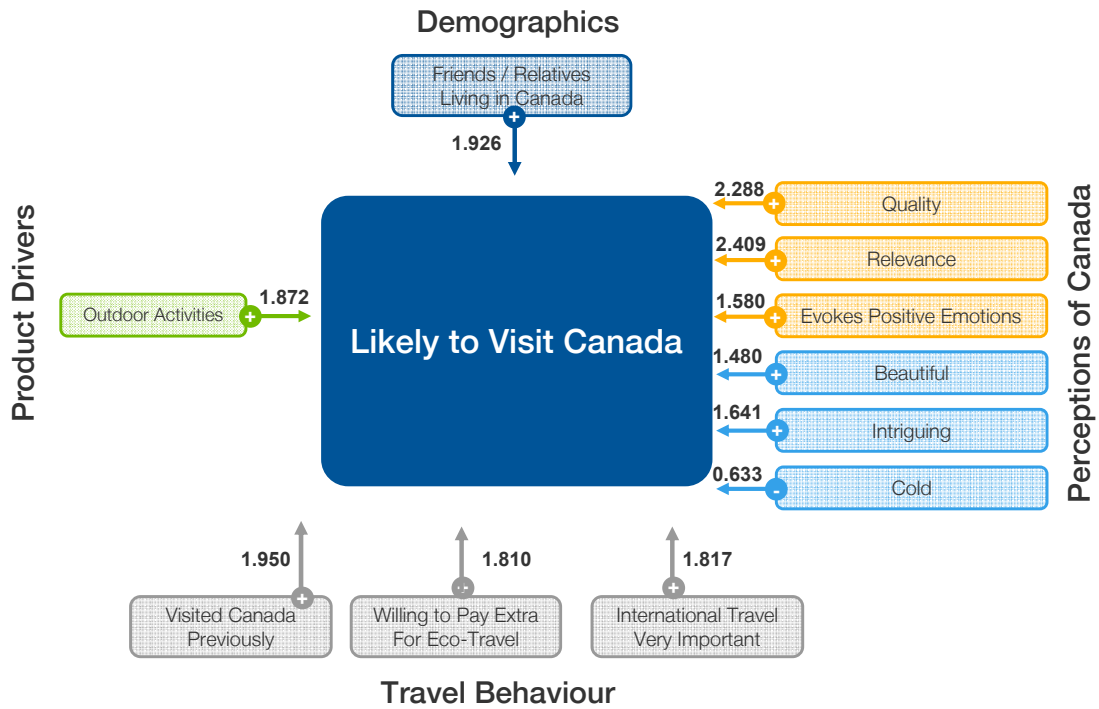
The Key Drivers for Visiting Canada

A key drivers model was developed with the dependent variable being whether or not travellers are likely to take a pleasure trip of four or more nights to Canada in the next two years. The independent variables that were modelled against likelihood of visiting included demographics, travel attitudes and motivations, perceptions of Canada, product interests and travel behaviour (previous visitation of Canada, importance of long-haul travel, etc).

Exhibit 22 summarizes the results of the key drivers model, with key findings discussed below:

- It is telling that the two strongest determinants of future U.S. travel to Canada are both value drivers, namely, Relevance and Quality, which again underscores the critical importance of enhancing value perceptions in the U.S. market.
- As in many GTW markets, VFR and previous travel to Canada are major influencers in the travel decision. All things considered, those who have friends and relatives in Canada or have been there before, are around twice as likely to say they will visit Canada than those who don't have connections in the country or have never visited.
- Those likely to visit Canada are generally more committed international travellers. They also tend to be lovers of the outdoors who are willing to pay more for green travel products.
- Although value is uppermost in terms of importance, other perceptions of Canada also drive the purchase decision. Echoing the general themes in the 2007 results, perceptions of Canada as cold dissuades travellers from visiting, while perceptions of Canada as intriguing enhances their predisposition to visit. Not surprisingly, positive emotions about Canada also tie directly into travel intentions.

Exhibit 22 – Key Drivers for Likelihood to visit Canada



Base: International pleasure travellers (n=3,082).

Note: Numbers are odds ratios. Odds ratio is the exponentiated value of B. If >1, the odds ratio is the factor by which the odds of being likely to visit Canada increase as the independent variable increases; if <1, it is the factor by which the odds of being likely to visit Canada decrease.

Conclusion and Considerations

With the U.S. economy in a state of turmoil, consumer confidence spiralling downward and travel costs on the rise, the outlook for international travel in the U.S. is now significantly less optimistic than it was in 2007. While the election of President Obama offers renewed hope to many Americans, the reality is that the U.S. is unlikely to emerge from its economic slump anytime soon. Generally, the 2008 results point to a more cautious travel market, with travellers actively scaling back their vacation plans. While lower income segments were the first to cut back on their discretionary spending, the GTW shows that the same trend is now evident among the more affluent groups. On the positive side, the U.S. dollar has rallied in recent months and gas prices have dropped since the Summer – welcome news in an otherwise bleak picture for the U.S. market.

The current turbulence in the U.S. represents a strategic opportunity for Canada, especially in the Border and Mid-Haul markets, where Canada's low cost, easy access and stronger presence offer clear advantages over competing destinations. In fact, the Border market appears to be relatively robust, being the only U.S. market where the 3-year travel outlook has not visibly eroded since last year. Mexico, for one, has been able to turn the U.S.' economic woes to its advantage, with strong advances on most of the key performance indicators (KPIs⁶) in 2008 in tandem with a healthy surge in arrivals to the U.S. in the first part of the year. This bodes well for a similar move by Canada.

In terms of the KPIs, 2008 delivers good news for Canada on the advertising front, with both unaided and total advertising awareness seeing solid gains in 2008. In fact, the U.S. boasts the strongest improvement of any GTW market on total advertising awareness, pointing to a far-reaching 2008 marketing campaign. Although this is a step in the right direction, several more years of focused initiatives may be necessary to create a measurable lift in top-of-mind awareness and interest, as these indicators remain flat in 2008 and continue to sit at below-average levels compared with other GTW markets.

Canada continues to suffer from image issues in 2008, with U.S. travellers being among the most likely to cling to stereotypical views of the destination. While Canada is obviously well-known, its rather dull and colourless image in the U.S. means that it doesn't spring readily to mind for Americans when considering international vacation destinations. Moreover, the 2008 results indicate that Canada's unexciting profile is increasing as a deterrent for U.S. travellers, who are now more carefully weighing value vs. price trade-offs in their travel planning. In fact, three of the top five travel barriers in 2008 relate more to Canada's image and competitiveness than to practical concerns like exchange rates or passport requirements, emphasizing a need to address this on an ongoing basis.

On the bright side, there has been some positive movement on brand performance in 2008, with enhanced perceptions of Canada on a number of fronts, including the all-important culture and people brand pillars. In addition, more U.S. travellers now want to come to Canada to experience Canadian culture, try the cuisine and get to know Canadians. In the year ahead,

⁶ KPI: destination awareness, advertising awareness, visitation and market penetration, travel interests and intentions.

the CTC and its partners could continue to enrich the cultural side of Canada's image, while encouraging greater excitement and buzz around Canada, and forging stronger emotional engagement with the brand.

With quality and value taking on more importance in destination decision-making, it is reassuring that the CTC and its partners have made notable progress in enhancing value perceptions in the U.S.. In fact, the U.S. is the only GTW market to see a significant rise in the VPI in 2008, driven by healthy increases across all four components of value. In addition, the PPI remains exceptionally strong, with Canada making headway on a number of price attributes this year (e.g., package prices and food/entertainment costs). This suggests that, as the U.S. economy heads towards recession and consumers downshift their travel plans, Canada is becoming increasingly well-positioned as an appealing substitute for more pricey overseas trips. However, more work could be done to communicate Canada's value proposition as the U.S. continues to have the lowest VPI of any GTW market, by far.

It is also worth noting that the Border market has gained some ground on all three brand performance indicators this year, suggesting that partner/regional marketing initiatives have made a profound difference here. Again, this points to strengthening potential in the Border market, although initiatives in the Mid-Haul and Southern markets could continue, as these offer higher-yield travellers and possibly a greater return on investment for the advertising dollar.

In terms of products, Canada remains an unchallenged leader on Outdoor activities in 2008, with ongoing and unique strengths in skiing/snowboarding and fishing/hunting. On Nature, a sizeable increase in water-related scenery has helped to improve Canada's competitive status, moving it into a leadership position alongside Australia. The strong showing for Canada on nature/outdoor products indicates that *Active Adventure Among Awe-Inspiring Natural Wonders* is a credible and effective selling point in the U.S. market. While Australia offers formidable competition, its distance and cost place it at a distinct disadvantage to Canada when it comes to realizing these trips.

Although some progress has been made in enhancing cultural perceptions, Canada's product positioning vs. competitors on Culture remains unimpressive. In fact, many of the new culture products in 2008 (e.g., unique character/local lifestyles, local flavours) make their debut in last place, while others (e.g., aboriginal culture, hands on learning) have slipped in the competitor ranks this year. These mire Canada's performance on the Culture dimension and make it difficult to convincingly market *Award-Winning Canadian Local Cuisine* and *Connecting with Canadians* as unique selling propositions (USP⁷). Cities close to nature and events are the cultural products that stand the best opportunity for improvement, given their smaller leadership gaps and superior rankings. Moreover, with city experiences strengthening as a catalyst for travel to Canada, the CTC and its partners could continue to fortify this product, and by doing so, help to round out Canada's product portfolio and broaden its image.

⁷ USP: The CTC identified five Unique Selling Propositions (USPs) for Canada. They are 1) Vibrant cities on the edge of nature; 2) Personal journeys by land, water, and air; 3) Active adventure among awe-inspiring natural wonders 4) Award-winning Canadian local cuisine 5) Connecting with Canadians.